

LRB – FISCAL REVIEW SECTION ANALYSIS

OCTOBER 9, 2002

ITEM 7, FILE 020236

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #020236 is a substitute charter ordinance relating to military service credit under the employees' retirement system.

Background

1. The global pension settlement allows employees who retired prior to December 31, 2002 one year of creditable year of service for each year three years of active military service prior to enrollment in the retirement system to a maximum of three years of creditable service.
2. The imputed service credit is used in determining the amount of the service retirement allowance, but is not used in determining the eligibility for any benefit.

Discussion

1. This substitute charter ordinance amends s. 36-04-1-c of the City Charter by removing the December 31, 2002 sunset date for imputed military service credit for members who participate in the Combined Fund.
2. The ERS actuary estimates that 10% of general city members and 13% of fire and police members will be eligible for military service credit.

Fiscal Impact

1. The ERS actuary estimates the charter ordinance will cause an increase in the normal cost of approximately \$216,000 to the Fund. The normal cost is the cost of the annual pension payments to participants in ERS.
2. Based on the findings under Item #1, the ERS actuary estimates the substitute charter ordinance will slightly decrease the funded ratio from 139.6% to 139.4%.
3. Because the Fund is overfunded, the ERS actuary estimates the substitute charter ordinance will have no fiscal impact on the tax levy.

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LRB – Fiscal Review
October 6, 2002